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ARA/FO:J P Mclean

IMMEDIATE CARACAS

E.O. 12356: DECL: OADR

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: ALAN H FLANIGAN
DATE/CASE ID: 09 JAN 2007 200503656

JPM
LBH

TAGS: PGOV, PREL, VE

SUBJECT: Figueredo/Aronson/McLean Meeting: Figueredo's
Idea for a Referendum

1. Confidential - entire text.

2. Begin summary: Reinaldo Figueredo explained his idea for salvaging CAP's economic programs and regaining political authority for the President through a COPEI/AD reform package which would be put to the public in a referendum. Figueredo dismissed the corruption issue as one being used as a club by opponents of economic reform. DAS McLean objected that a referendum would legitimize military coup plotters, and Assistant Secretary Aronson, who joined the conversation later, made a similar point, adding that while a referendum would not necessarily empower CAP to govern, he stood a good chance of losing. Figueredo was accompanied by Ambassador Consalvi. Jose Rodriguez Iturbe, who was scheduled to attend, had to return early to Caracas. An ARA/AND notetaker was present. end. summary

3. Figueredo analysed the reaction to the coup attempt as a reaction against CAP's efforts to take Venezuela too quickly through economic transition. With CAP weakened, his opponents were using the corruption issue to attack him, which had prevented him from governing effectively. McLean noted that corruption was a regional problem, and that an attack on it required improvements in the justice

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system and public education. He recommended the Colombia example of what could be accomplished, and described the success of our programs there after a modest beginning.

4. Figueredo noted that under the circumstances, nearly everyone felt free to criticize CAP, but that no one was offering a workable solution. Pinerua had not been able to move against corruption. If this continued over time, Figueredo thought, political and economic paralysis would create greater future problems. Neither CAP nor any successor would be able to manage the financial crisis that would come if the government did not take action soon to control the deficit, reactivate economic modernization, and continue privatization.

5. To regain capacity to govern, Figueredo said he had suggested to CAP that he prepare a reform package in collaboration with COPEI in the Congress, and present it to the public for approval. In the context of moves for a seven year national accord between COPEI and AD, the reform package and referendum would be designed to give a clear choice between an economic program and chaos. Caldera would oppose, but Figueredo thought CAP could take to the hustings with the combined support of both major parties, and win the referendum. The referendum would also serve as a vote of confidence for CAP and make it possible to govern. If he lost, CAP would not resign.

6. Figueredo said he had raised the idea with Eduardo Fernandez, who was interested, but that Fernandez' chief of staff was not. His argument to Fernandez was that if CAP did not take some action Caldera would surely win the next election and the country would be much weaker by the time he assumed the office. Who better to defeat Caldera than CAP?

7. On other subjects, DAS McLean asked if MOD Ochoa would be reappointed. Figueredo and Consalvi both thought not. Figueredo thought General Rangel would succeed him because of the need to keep the army in line, but he did not discount the possibility that Air Force General Fuguett might be the man. AS Aronson asked their views of Ochoa -- both thought he was a supporter of democracy.

8. DAS McLean asked about CAP's health. Figueredo said was extremely well for a man of his age.

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